



North Carolina Department of Health and Human Services
Division of Medical Assistance

2501 Mail Service Center • Raleigh, N. C. 27699-2501

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

Tara R. Larson, Acting Director

MEMORANDUM

TO: ICFMR Facility Provider

FROM: Roger Barnes *RB*
Assistant Director – Financial Operations
Division of Medical Assistance

RE: One Time Option to Reopen FY08 ICFMR Medicaid Cost Reports

The Division of Medical Assistance (DMA) is approving a one-time option for ICFMR Group Home providers to request a reopening of their FY08 Medicaid cost reports to include cost data for compensation expense that may not have been accrued in their original FY08 cost report as a result of the delay in approval by the Centers for Medicare and Medicaid Services (CMS) of North Carolina State Plan Amendment (SPA) 07-003. This SPA is related to the retroactive legislated increase in reimbursement.

Based on our review, it is determined that the delay is a material subsequent event which resulted in the providers' inability to accurately or reasonably accrue legitimate compensation expenses which would satisfy providers' external auditors and accountants to support accruals until after their FY08 ICFMR Medicaid cost reports were filed with DMA.

If a provider elects to exercise this one-time option, they must comply with the following actions:

1. Submit a formal correspondence to Mr. Mike D'Alessio in the DMA Audit Section requesting to reopen their FYE 6/30/2008 Medicaid cost report in accordance with CMS Publication 15-1, Section 2931.2. The address is the same address to which providers mail their required cost report.
2. The request must be received by the DMA Audit Section no later than April 30, 2009. Requests for this one-time reopening received after April 30, 2009 will be denied.
3. Providers must attach to the request detailed line item information on the accrual of additional compensation expense to include the following: (Failure to attach the below detailed information will result in denial of the reopening request.):
 - a. By Individual Group Home
 - i. Name
 - ii. Provider Number
 - iii. Schedule A Line Number
 - iv. As Filed Amount per Schedule A Line Number

- v. Additional Compensation Expense Accrued
- vi. Corresponding Provider General Ledger Account Number
- b. Total amount of additional compensation expense accrued for the FY08 ICFMR cost report

Example Shown Below

Group Home Name	Provider Number	Schedule A Line Number	Schedule A, Column 7 Amount Per As Filed Cost Report	Additional Compensation Expense Accrued	Provider's General Ledger Account Number
ABC Group Home	34061xx	144	\$ 94,552	\$ 10,000	6520000
ABC Group Home	34061xx	150	\$ 23,288	\$ 5,000	6530000
XYZ Group Home	3416xxx	144	\$ 85,000	\$ 9,000	6520000
XYZ Group Home	3416xxx	150	\$ 22,000	\$ 3,500	6530000
Total Additional Accrued Expense for Cost Report				\$ 27,500	

4. The additional accrued compensation expense must be paid / disbursed by the provider no later than June 30, 2009. Failure to pay the additional accrued compensation expense by June 30, 2009 will result in disallowance of the expense retroactive to the FY08 cost report. DMA Audit may request documentation to support proof of payment.
5. The formal correspondence must be signed by an officer of the organization and include a statement acknowledging that these additional accrued compensation expenses shall be paid no later than June 30, 2009 and that these expenses shall not be included in the provider's FY09 ICFMR Medicaid cost report.

The one-time option is limited to compensation expense only and all additional accrued compensation expenses are subject to desk audit and/or field audit in accordance with the North Carolina State Plan and the Provider Reimbursement Manual (CMS Publication 15-1).

The DMA Audit Section will review the submitted documentation, revise the cost report and issue a revised Notice of Program Reimbursement.

Should you have any questions, please contact Jim Flowers or Mike D'Alessio at (919) 647-8060.

cc: Jim Flowers
Lynne Testa
Mike D'Alessio